

# Sigma Gas Corporation

P. O. Box 22  
Salyersville, Kentucky 41465

**Estill Branham**  
Manager

(606) 349-1505  
(606) 886-7075

February 27, 04

RECEIVED

MAR 1 2004

PUBLIC SERVICE  
COMMISSION

Mr. Thomas Dorman  
Executive Director  
Public Service Commission  
PO Box 615  
Frankfort, KY 40602

Case 2004-00066

Dear Mr. Dorman:

Enclosed you will find the gas cost recovery for April 1, 2004 thru June 30, 2004.

If you have any questions, please call at the above number.

Sincerely,



Kimberly Crisp

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Sigma Gas

QUARTERLY REPORT OF GAS COST RECEIVED  
RECOVERY RATE CALCULATION

MAR 1 2004

PUBLIC SERVICE  
COMMISSION

Date Filed:

February 27, 2004

Date Rates to be Effective:

April 1, 2004

Reporting Period is Calendar Quarter Ended:

December 31, 2003

SCHEDULE I  
GAS COST RECOVERY RATE SUMMARY

Component	Unit	Amount
Expected Gas Cost (EGC)	\$/Mcf	7.4149
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	(.3015)
+ Balance Adjustment (BA)	\$/Mcf	.0643
= Gas Cost Recovery Rate (GCR)	\$/Mcf	7.1775

GCR to be effective for service rendered from April to June.

<b>A. EXPECTED GAS COST CALCULATION</b>	<b>Unit</b>	<b>Amount</b>
Total Expected Gas Cost (Schedule II)	\$	336473
+ Sales for the 12 months ended <u>Dec 31, 03</u>	Mcf	45778
= Expected Gas Cost (EGC)	\$/Mcf	7.4149
<b>B. REFUND ADJUSTMENT CALCULATION</b>	<b>Unit</b>	<b>Amount</b>
Supplier Refund Adjustment for Reporting Period (Sch. III)	\$/Mcf	
+ Previous Quarter Supplier Refund Adjustment	\$/Mcf	
+ Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	
+ Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	
= Refund Adjustment (RA)	\$/Mcf	
<b>C. ACTUAL ADJUSTMENT CALCULATION</b>	<b>Unit</b>	<b>Amount</b>
Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	(.3572)
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	(.1615)
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(.3056)
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	.5220
= Actual Adjustment (AA)	\$/Mcf	(.3015)
<b>D. BALANCE ADJUSTMENT CALCULATION</b>	<b>Unit</b>	<b>Amount</b>
Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	.0077
+ Previous Quarter Reported Balance Adjustment	\$/Mcf	(.0091)
+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	.048
+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	.018
= Balance Adjustment (BA)	\$/Mcf	.0643

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SCHEDULE II

EXPECTED GAS COST

Actual\* Mcf Purchases for 12 months ended Dec 31, 03

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5)** Rate	(6) (4)x(5) Cost
Alliance			23570	7.5698	178420
EO Nitane Resour			23571	7.26	171125

Totals

47141

349545

Line loss for 12 months ended Dec 31, 03 is 0.7 % based on purchases of 47141 Mcf and sales of 45378 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	349545
+ Mcf Purchases (4)	Mcf	47141
= Average Expected Cost Per Mcf Purchased	\$/Mcf	7.4149
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	45378
= Total Expected Gas Cost (to Schedule IA.)	\$	336473

\*Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein.

\*\*Supplier's tariff sheets or notices are attached.

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SCHEDULE IV

ACTUAL ADJUSTMENT

For the 3 month period ended Dec 31, 03

Particulars	Unit	Month 1 (Oct)	Month 2 (Nov)	Month 3 (Dec)
Total Supply Volumes Purchased	Mcf	2281	3345	8616
Total Cost of Volumes Purchased	\$	12681	21420	66052
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	2281	3345	8806
= Unit Cost of Gas	\$/Mcf	5.5594	6.4036	7.5008
- EGC in effect for month	\$/Mcf	8.0628	8.0628	8.0628
= Difference [(Over-)/Under-Recovery]	\$/Mcf	(2.5034)	(1.6592)	(.562)
x Actual sales during month	Mcf	2281	3345	8806
= Monthly cost difference	\$	(5710)	(5550)	(4949)

	Unit	Amount
Total cost difference (Month 1 + Month 2 + Month 3)	\$	(16209)
÷ Sales for 12 months ended <u>Dec 31, 03</u>	Mcf	45378
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	(.3572)

SCHEDULE V  
BALANCE ADJUSTMENT

For the 3 month period ended Dec 31, 03

Particulars	Unit	Amount
(1) Total Cost Difference used to compute AA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	(5149)
Less: Dollar amount resulting from the AA of <u>(.1209)</u> \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of <u>45778</u> Mcf during the 12-month period the AA was in effect.	\$	(5486)
Equals: Balance Adjustment for the AA.	\$	<u>337</u>
(2) Total Supplier Refund Adjustment including interest used to compute RA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	
Less: Dollar amount resulting from the RA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the RA was in effect.	\$	
Equals: Balance Adjustment for the RA.	\$	
(3) Total Balance Adjustment used to compute BA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	
Less: Dollar amount resulting from the BA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the BA was in effect.	\$	
Equals: Balance Adjustment for the BA.	\$	
Total Balance Adjustment Amount (1) + (2) + (3)	\$	<u>337</u>
+ Sales for 12 months ended <u>Dec 31, 03</u>	Mcf	<u>45778</u>
= Balance Adjustment for the Reporting Period (to Schedule ID.)	\$/Mcf	<u>.0074</u>

# Sigma Gas Corporation

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Estill Branham  
Manager

(606) 349-1505  
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	<u>Base Rate</u>	<u>Gas Cost Rec</u>	<u>total</u>
First MCF (Minimum Bill)	6.25	7.175	13.425
ALL OVER FIRST MCF	4.5522	7.175	11.7272

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**Constellation NewEnergy - Gas Division**

5950 Corporate Campus Dr. Suite 2000, Louisville, KY 40223  
 Phone: (502) 426-4500 Fax: (502) 426-8800

Estill Branham  
 606-886-2314  
 806/889-0460

**AUXIER ROAD GAS COMPANY**  
**Estimated Citygate Prices if Bought Monthly**

Month	(A) NYMEX 02/25/04	(B) Basis	(C) TCO Fuel	(D) TCO Transportation	(E) Auxier Road Gas Citygate (\$/Dth) (A+B)/(C+D)	(F) Estimated Consumption Dth <small>(Used 2003 Consumption)</small>	(G) Total Cost Monthly (E*F)
Apr-04	\$5.1400	\$0.5350	0.97446	\$0.2300	\$6.0537	1,800	\$10,896.73
May-04	\$5.1600	\$0.5350	0.97446	\$0.2300	\$6.0743	640	\$3,887.53
Jun-04	\$5.1900	\$0.5350	0.97446	\$0.2300	\$6.1050	921	\$5,622.75
						3,361	\$20,407.01

6.0776  
 X 1.2126 BTU factor  
 WACOG = \$6.07  
 7.3698  
 + .20 + transportation  
 7.5698

# EQUITABLE ENERGY LLC

Confirmation Date December 29, 2003 15:16

## Transaction Confirmation - EXHIBIT A

This Confirmation Letter is being provided in accordance with EEC's Master Gas Sale/Purchase Agreement, the North American Energy Standards Board Base Contract for Sale and Purchase of Natural Gas or the Gas Industry Standards Board Base Contract for Short-Term Sale and Purchase of Natural Gas ("Contract"), which ever is applicable, between Equitable Energy, LLC ("EEC") and Counterparty, and constitutes part of and is subject to all terms and provisions of the Contract. In the event the Parties have not executed a Contract, the terms and conditions of the North American Energy Standards Board Base Contract for Sale and Purchase of Natural Gas and Equitable Energy's Special Provisions (attached if applicable) and this Confirmation Letter shall apply to this Transaction.

Please sign and return one copy of the attached Confirmation to EEC within two (2) Business Days of receipt to the fax number set forth below. The terms of this Confirmation Letter are binding on EEC and Counterparty unless Counterparty objects to EEC in writing within said two (2) Business Days. If you are not in agreement with the above terms, please contact Theresa L. Petersen at 412.395.2635.

<b>Seller</b> EQUITABLE ENERGY LLC 110 ALLEGHENY CENTER MALL PITTSBURGH, PA 15212	<b>Buyer</b> AUXIER ROAD GAS COMPANY ATTENTION: MR ESTILL BRANHAM POST OFFICE BOX 785 PRESTONSBURG, KY 41853
<b>Deal Maker</b> BRIAN SHAFRANEK	<b>Deal Maker:</b> ESTILL BRANHAM
<b>Phone</b> 412.395.2627	<b>Phone</b> 505.886.2916
<b>Email</b> Email not available - Fax# 412.395.2676	<b>Email</b> Email not available - Fax# 505.886.0466

### Transaction ID

S-AUXIERROAD500-3523

### Pricing Detail

Service Level	From	To	Price
PIRM	01/01/2004 10:00 am	11/01/2004 10:00 am	\$8.0200 x 1.2126 = 9.73

### Point Detail

Pipeline	Meter	Total Monthly Dth	Description
KENTUCKY WV	TD4	11,000/Dth	AUXIER ROAD GAS COMPANY JAN 2004
KENTUCKY WV	TD4	5,800/Dth	AUXIER ROAD GAS COMPANY FEB 2004
KENTUCKY WV	TD4	6,000/Dth	AUXIER ROAD GAS COMPANY MAR 2004
KENTUCKY WV	TD4	2,500/Dth	AUXIER ROAD GAS COMPANY APRIL 2004
KENTUCKY WV	TD4	300/Dth	AUXIER ROAD GAS COMPANY MAY 2004
KENTUCKY WV	TD4	50/Dth	AUXIER ROAD GAS COMPANY JUNE 2004
KENTUCKY WV	TD4	25/Dth	AUXIER ROAD GAS COMPANY JULY THRU OCT 2004

### Special Conditions

<b>SELLER</b> EQUITABLE ENERGY LLC	<b>BUYER</b> AUXIER ROAD GAS COMPANY
<b>By Authorized Signer</b>	<b>By Authorized Signer</b> <i>Estill Branham</i>
<b>Title</b> Frank Konz, Director	<b>Title</b> President
<b>Date</b> December 29, 2003	<b>Date</b> 12/31/03